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INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
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UNCLAS SECTION 01 OF 02 PHNOM PENH 000668

SIPDIS

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DEPARTMENT FOR EAP/MLS AND EB  
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TAGS: [ETRD](#) [EINV](#) [CB](#)  
SUBJECT: CAMBODIA: SUCCESSFUL VISIT BY U.S.-ASEAN BUSINESS  
COUNCIL

REF: A. PHNOM PENH 0345

[1](#)B. PHNOM PENH 0531

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[1](#)1. (SBU) Summary. In the latest of a series of trade and investment related visits to Cambodia, a delegation from the U.S.-ASEAN Business Council met May 9 with senior Cambodian government (RGC) officials, including the Ministers of Commerce, Finance and Health. ConocoPhillips representatives urged the RGC to resolve the dispute with Thailand on the Overlapping Claims Area in the Gulf of Thailand. RGC officials believed resolution would have to await elections and a new Thai government. The Ambassador and the head of the Council's delegation, Frances Zwenig, urged Cambodia to sign the bilateral debt agreement. The U.S.-ASEAN Business Council's visit was another step toward greater American commercial involvement in Cambodia and another indication of the growing interest of U.S. business firms in establishing a presence here.

[1](#)2. (U) Building on the success of the first U.S.-Cambodia meeting under the Trade and Investment Framework Agreement and the April visit of a business mission of American firms based in the region (Refs), the U.S.-ASEAN Business Council met with senior Cambodian government (RGC) officials on May 9 to explore opportunities for trade and investment. Led by Frances Zwenig, Counselor of the U.S.-ASEAN Business Council, the delegation consisted of representatives of ConocoPhillips Petroleum, Oracle, General Electric (GE), FedEx and ITT Defense. They met with former Ambassador to the U.S. Roland Eng and Minister of Transport and Public Works Sun Chanthol, the Ambassador, and had office calls on Minister of Post and Telecommunications So Khun, Minister of Commerce Cham Prasidh, Finance Minister Keat Chhon, Health Minister Nuth Sokhom and MFA Secretary of State Kao Kim Hourn.

[1](#)3. (SBU) In each of the meetings, the ConocoPhillips representatives urged the RGC to resolve the dispute with Thailand over the Overlapping Claims Area in the Gulf of Thailand. Noting that their firm has held a contract for exploitation of the area for nearly ten years, they asked that enthusiasm for Chevron's petroleum discovery not be allowed to lessen the urgency of resolving the dispute. Kao Kim Hourn told them that the two governments had come very close to settling the dispute just prior to the fall of the Thaksin government in Thailand. He said they had agreed on a formula for dividing the revenue: 80% for Thailand and 20%

for Cambodia in the tier nearest Thailand, 50%-50% in the middle and 20% for Thailand and 80% for Cambodia in the area closest to Cambodia. He thought that an additional six months of negotiations would have settled the matter. However, in Thailand's current disarray, he said, there could be no resolution until after Thailand's elections and the formation of a new government. Other interlocutors, including Cham Prasidh and Keat Chhon, agreed that nothing could be accomplished until a new government was formed in Thailand.

¶4. (U) GE announced to the Health Minister that it would open an office in Phnom Penh in the coming months. The office would focus on the sales and repair of diagnostic equipment in the health field. The GE representatives briefed the Minister on GE's program to sell refurbished equipment in developing countries and asked that Cambodia consider participating. They noted that GE's office could be used as a launching point for GE in other sectors in which GE is involved, such as energy.

¶5. (U) FedEx expressed appreciation to the Minister of Post and Telecommunications for his flexibility in compromising on regulations governing the courier service industry. The revisions accepted by the Ministry had allowed the courier service industry to remain operational in Cambodia. The firms in the industry have all registered, they said, and were functioning without problems. The FedEx representatives also thanked Commerce Minister Cham Prasidh for his role in convincing Minister So Khun to compromise.

¶6. (U) Showing signs that he was still recovering from a heart procedure that he underwent in Paris in April, Prasidh provided the delegation with an overview of the trade and investment climate in Cambodia. Reviewing the establishment of the garment industry, Prasidh stressed the need for Cambodia to outperform its neighbors in order to remain competitive. He explained the private sector forum that

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brought the private sector together with government in order to resolve policies and problems that inhibited business. In response to a suggestion that Cambodia could use the latest technology to computerize its "One Stop" investment service, Prasidh said that other ASEANs were more technically advanced than Cambodia. At best, Cambodia could become a model for the second tier of developing countries in ASEAN like Laos and Burma.

¶7. (SBU) Frances Zwenig asked Finance Minister Keat Chhon for an update on the status of negotiations on the bilateral debt. The Ambassador urged Keat Chhon to move forward and accept the agreement as it now stood. Further discussions were unlikely to get Cambodia a better deal. Keat Chhon responded that the RGC had been considering sending a team to Washington or inviting the USG to have a team visit from Washington.

¶8. (U) Comment: Coming on the heels of the successful first TIFA meeting in February and the American Business Mission in April, the visit of the U.S.-ASEAN Business Council was another step forward toward greater U.S. commercial involvement in Cambodia. It was also another indication of the growing U.S. business interest in Cambodia. Increasing numbers of American firms are beginning to sense that Cambodia has real potential.

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